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INSTRUCTIONS FOR USE FUEL SELLER TAX REPORT (form 735-1334):

WHAT TO INCLUDE IN THIS REPORT:

The Use Fuel Seller Tax Report and supporting schedules are used to report and calculate tax due on Use Fuel. The most common Use Fuel is clear diesel, but use fuel also includes propane, CNG, LNG, biodiesel, and any other combustible gas, liquid, or material (not gasoline) used to generate power to propel a motor vehicle on public roads. Generally, dyed diesel is not reportable as use fuel under Oregon laws because Federal law prohibits the use of dyed diesel to propel vehicles on highways. Dyed diesel should not be included in this report unless the dyed diesel is being used to propel vehicles on the highways, in spite of the Federal prohibition.

Reporting Period and Seller Information:

Write in the calendar month and year for which this report is being prepared. All sellers must file monthly unless approved for quarterly reporting. When approved for quarterly reporting, reports will be for the following periods:

1 st quarter	January 1 to March 31	2 nd quarter	April 1 to June 30
3 rd quarter	July 1 to September 30	4 th quarter	October 1 to December 31

Reports are due (postmarked) on or before the 20th of the month following the end of the report period. If the 20th falls on a weekend or holiday, the report must be postmarked by the next business day.

Complete the seller name and address, license number, and identification number fields in the header section of the report. Complete the supporting schedules before continuing with the computation of tax and any other amounts due.

Amended Reports

If this report corrects a prior period report, check the box indicating that this is a revised report. Complete the report with the corrected figures (as if filing for the first time), and attach all schedules that have been revised. Payment made with the original report will be included on line 15 (see instructions for that line for more information).

Line 1. Retail Operations (Stock Summary Reporting Method – Schedule 1)

Complete schedule 1 for stock summary. Bring the total from line 8 of the schedule to line 1 of form 1334, Oregon Use Fuel Seller Tax Report.

Line 2. Retail Operations (Meter Readings Reporting Method – Schedule 2)

Complete schedule 2 for meter readings. Bring the total from line 8 of the schedule to line 2 of form 1334, Oregon Use Fuel Seller Tax Report.

Line 3. Non-Retail Operations

Complete schedule 3, or attach a report containing the same information. Bring the total taxable gallons from the schedule to line 3 form 1334. For non-retail sales of other use fuels, complete a separate schedule 3. Report any non-retail propane sales on line 7, and natural gas sales on line 8.

Line 4. On-site Fleet Fueling Operations

Complete schedule 4, or attach a report containing the same information. Bring the total taxable gallons from the schedule to line 4 form 1334. For on-site fleet fueling sales of other use fuels, complete a separate schedule 4. Report any on-site fleet fueling propane sales on line 7, and natural gas sales on line 8.

Line 5. Other Use Fuel Sales

Complete schedule 5. Bring the total taxable gallons from the schedule to line 5 of form 1334. A separate schedule 5 should be completed for each use fuel product. For propane sales, report the gallons on line 7. For natural gas sales, report the cubic feet on line 8.

Rules for Rounding (Lines 1 through 5)

If your schedule includes fractional gallons, round up or down to the nearest whole gallon. For example, 12,915.502 gallons rounds up to 12,916 gallons. 43,258.398 gallons rounds down to 43,258 gallons.

Line 6. Subtotal

Total the taxable diesel gallons entered on lines 1 through 5, and enter the total on line 6 of form 1334.

Line 7. Taxable Propane Gallons

Total the gallons of taxable propane sold into vehicles. Enter the gallons of propane in the box to the immediate right of the line heading. If your propane sales are a result of non-retail operations, complete a schedule 3 for propane, and enter the results on this line. Divide propane gallons by 1.3 and enter the result in the box under the 'gallons' heading.

Line 8. Taxable Natural Gas Gallons

Total the cubic feet of taxable natural gas sold into vehicles. Enter the cubic feet of natural gas in the box to the immediate right of the line heading. If your natural gas sales are a result of non-retail operations, complete a schedule 3 for natural gas, and enter the results on this line. Divide cubic feet of natural gas by 1.2 and enter the result in the box under the 'gallons' heading.

Line 9. Total Taxable Gallons of Use Fuel

Add lines 6, 7, and 8, and enter the total on line 9. This is the figure to be used in computing the use fuel tax.

Line 10. Use Fuel Tax

Multiply the gallons on line 9 of form 1334 by the current tax rate shown on line 10 of form 1334. Enter the result on line 10.

Line 11. Four Percent Credit

Multiply the total tax on line 10 by 0.04 (four percent). Round to two decimal places and enter the result on line 11. This amount is the credit allowed to sellers for collection of the use fuel tax.

Line 12. Net Use Fuel Tax

Subtract line 11 from line 10; enter the result on line 12. This is the net tax due after the 4% seller collection credit.

Line 13. Interest

Interest is due when your report is filed or paid after the due date. Interest is computed on the net tax due as shown on line 12. The interest rate is 12% per year, or 0.0329% per day (0.000329).

An example of how to compute interest follows.

How to Compute Interest:

Enter the due date in the first box, and enter date paid (postmarked) in the second box on line 13. Count the number of days late, and enter in the third box on line 13.

Multiply: the tax on line 12 by the number of days late by 0.000329 (the daily interest rate), and enter the result on line 13. For example, if you owed \$3500 in tax, and were 10 days late with your payment, the interest due would be \$11.52 (3500 x 10 x 0.000329).

Line 14. Late Payment Penalty

The 10% late payment penalty is due whenever your report is filed or paid after the due date. The penalty is computed on the net tax due. To calculate the penalty, multiply the net tax as computed on line 12 by 0.1 (ten percent); enter the result on line 14.

In the example above, the \$3500 in tax that was 10 days late would result in a late payment penalty of \$350 (3500 x 0.1).

You may request, in writing, a waiver of the late payment penalty. When your request is received, filing history and other factors will be reviewed to determine whether you meet the criteria for a penalty waiver. Payments are applied first to penalty, then to interest, then to tax. Any remaining balance after application is tax and accrues additional interest until paid.

Line 15. Other Amounts Paid or Deducted

There are three common reasons for an entry on this line—an amended report, a billing issued by the Fuels Tax Group, or a credit previously approved by the Fuels Tax Group.

AMENDED REPORTS:

If you are filing a report to revise a prior period report, enter the amount paid with the original report on line 15. Deduct this amount from the revised amount due shown on line 12. If the revised report results in additional tax due, remit the tax, and any penalty and interest due if the revised report is filed after the due date for the report period. Penalty and interest are calculated on the additional tax. If the revised report results in a credit, we will review the amended report and issue a determination.

AMOUNT DUE: If you have been audited, filed or paid late, or have adjustments resulting in amounts due, you will receive a notice from the Fuels Tax Group. Include a copy of the notice, enter the amount due on line 15 and add to the other amounts due for this report.

The notice will include the daily interest rate, and the date to which interest is calculated. If you pay on a date other than the due date, you may adjust interest as shown on the notice. For example, if your daily interest is \$2.38, and you pay three days before the due date, you may deduct \$7.14 from the total. Similarly, if you pay three days *after* the due date, you would *add* \$7.14 to the total.

CREDIT ADJUSTMENTS: If you have requested an adjustment to your account which results in a credit, the Fuels Tax Group will review the request and issue a determination. Attach a copy of the letter advising you of the amount of credit allowed to your return, and write the amount indicated on line 15. This will be deducted from other amounts due on this report. **DO NOT CLAIM A CREDIT WITHOUT PRIOR APPROVAL FROM THE FUELS TAX GROUP.**

NOTE: If you claim a credit on your use fuel seller report that has not been approved, the amount claimed will be billed back to you, with applicable penalty and interest.

Line 16. Total Due

Add the amounts on lines 12, 13, 14, and 15, and enter the total on line 16.

CERTIFICATION OF SELLER: Sign and date the completed form on the lines provided, and legibly print the name of the person signing the form, and their title. Print the name and title of the report preparer on the line indicated, if other than the person signing the report.

If this report is made by a sole proprietor, the owner is required to sign their own report. If this report is made by a corporation, partnership, limited liability corporation, association, or other business organization, it must be signed by one of the principal officers, owners, or partners.

RETAIL STOCK SUMMARY - SCHEDULE 1

Line 1: Location Name or ID

For each retail site, enter the site name or identification. Use one column for each retail site.

Line 2: Beginning Inventory

Enter the beginning physical inventory (number of gallons) of Use Fuel at each retail site. The beginning inventory is the total gallons of Use Fuel on hand for that site at the beginning of the reporting period. You may report whole gallons, or round to one or two decimal places; be consistent each month. The beginning inventory MUST agree with the ending inventory for the previous reporting period.

Line 3: Purchases Enter the gallons of Use Fuel purchased during the reporting period for each retail site.

Line 3a: Fuel Available for Sale Enter the sum of line 2 plus line 3 for each retail site.

Line 4: Ending Inventory

Enter the ending physical inventory (number of gallons) of Use Fuel for each retail site. The ending physical inventory is the total gallons of Use Fuel on hand at that site at the close of business on the last day of the reporting period. Obtain total gallons on hand by actual physical measurement (for example, manual stick readings and electronic tank monitor readings). The ending inventory will be used as the beginning inventory for the next reporting period.

Line 5: Fuel Handled Enter the result of line 3a minus line 4 for each retail site.

Line 6: Ex-Tax Sales

Enter the total gallons of ex-tax sales of Use Fuel made at each retail site. Any sales of Use Fuel made without collecting the state tax MUST be supported by a properly completed invoice prepared at the time of sale. (See the definition of “ex-tax sales” on page 15, and the examples beginning on page 23.)

Line 7: Taxable Sales Enter the result of line 5 minus line 6 for each retail site.

Line 8: Sub-total Taxable Sales

Add line 7 Taxable Sales for all sites and enter the total on line 8. Forward the total on line 8 to Seller Tax Report (form 1334) line 1.

Line 9: Supplier

List the name of suppliers from whom you purchased Use Fuel during the report period.

RETAIL METER READING - SCHEDULE 2

Line 1: Location Name or ID For each retail site, enter the site name or identification.

Line 2: Pump #

Enter the pump number or identification for each use fuel pump at the location shown on line 1.

Note: If your meter is reset or changed to a new one, report both the old and new readings.

Line 3: Closing Meter Readings **Note: Do not use 'totalizer' readings.**

Enter the closing gallon meter reading for each pump. Obtain this gallon meter reading at the close of business on the last day of the reporting period. You may round your gallon meter readings to whole gallons, or report up to two decimal places. However, you must be consistent in your rounding. Use the closing gallon meter reading as the opening gallon meter reading for the next reporting period. Computerized summaries that accrue the sales by product ('totalizer' readings) may NOT be substituted for individual pump readings.

Line 4: Opening Enter the closing gallon meter reading from the previous reporting period.

Line 5: Gallons Sold Enter the result of line 3 minus line 4 for each pump.

Line 5a: Add line 5 Gallons Sold for all pumps and enter the result here.

Line 6: Ex-Tax Sales

Enter the total gallons of ex-tax sales of Use Fuel made at each retail site. Any sales of Use Fuel made without collecting the state tax MUST be supported by a properly completed invoice prepared at the time of sale. (See the definition of "ex-tax sales" on page 15, and the examples beginning on page 23.)

Line 7: Taxable Sales for This Location Enter the result of line 5a minus line 6.

Line 8: Sub-total Taxable Sales

Add Taxable Sales for each location. Enter the total on line 8. Forward the total on line 8 to Seller Tax Report (form 1334), line 2.

Line 9: Supplier

List the name of suppliers from whom you purchased Use Fuel during the report period.

NON-RETAIL OPERATIONS - SCHEDULE 3

Schedule 3 is used to report both taxable and ex-tax sales of Use Fuel to your customers at non-retail operations. This schedule is the preferred format to use to report use fuel sales from non-retail operations. Forward total taxable gallons sold to line 3 of the Use Fuel Seller Tax Report. A computer-generated report containing the same information may be substituted for this schedule.

Note: Oregon law recognizes two classes of Use Fuel Sellers – retail and non-retail. If you are not licensed with the State Fire Marshal as a non-retail facility, you are a retail seller (Use Schedules 1, 2, or 4 as applicable).

Under ORS 319.665(1)(b), when fuel is dispensed at a non-retail facility, the seller is required to collect the use fuel tax unless they have a completed “Certification of Oregon Use Fuel Tax Exempt Status” (Exemption Certificate) on file for each customer with an ex-tax card.

If you have taxable sales of propane or natural gas through a non-retail operation, complete a separate schedule 3 for each product, and report the total gallons (before conversion) on line 7 or 8 of the Seller Tax Report (form 1334) and follow the instructions for computing taxable gallons.

You may complete the schedule 3 provided, or attach a computer-generated report that contains the same information. The report header must contain the seller’s name and license number, and the **calendar month** for which you are reporting, unless you have been approved for quarterly reporting by the Fuels Tax Group.

Customer detail will include the account number, customer name, customer address, total gallons of Use Fuel sold (both taxable and ex-tax), and the gallons of Use Fuel subject to tax. Total the columns for total gallons sold and taxable gallons sold at the end of the report.

ALTERNATE REPORTING MINIMUM REQUIREMENTS:

If you are unable to generate a report in the format described above, you may report taxable gallons sold, sorted by customer account number, and/or customer name. If your report does not include customer name and address, a list showing customer name, address and account number must be provided to the Fuels Tax Group upon request.

If you are unable to provide detail of ex-tax sales you must, at minimum, show total ex-tax gallons sold. Detail of ex-tax sales must be made available upon request of the Fuels Tax Group.

You may also submit schedule 3 electronically. Please contact the Fuels Tax Group at ODOTFuelsTax@odot.state.or.us for details and to submit test schedules for approval.

Forward the total taxable gallons to line 3 of the Use Fuel Seller Tax Report (form 1334).

DUAL OPERATION FACILITY REPORTING

Dual-operation facilities have both retail fueling operations and non-retail operations which may share a common storage tank. These types of operations may be separated by time or distance in accordance with state statutes. Regardless of the type of separation, sellers must take meter readings at least once per month at BOTH operations, regardless of ownership. A tank reconciliation is performed at audit, and this is a tool in verifying which gallons were used in each operation. **It is generally not appropriate to report the retail operation at a dual operation facility on schedule 1. Contact the Fuels Tax Group for assistance in reporting dual operations facilities.**

FOR OPERATIONS SEPARATED BY DISTANCE:

These operations have two distinctly separate fueling operations, and may be operated by different sellers. The retail pumps are attended during the hours of operation, and are not accessible when the station is closed.

The retail pumps of the operation are separated from the non-retail pumps by a minimum distance required by law, and sales of Use Fuel are made through an attendant. Record meter readings as required, document any ex-tax sales, and complete schedule 2 to report taxable retail sales.

NOTE: You must take meter readings at the non-retail facility at least once per month, even if you do not operate that facility.

The non-retail portion of the operation is separated by a minimum distance required by law. Sales from these pumps are reported on schedule 3.

NOTE: You must take meter readings at the retail station at least once per month, even if you do not operate that facility.

FOR OPERATIONS SEPARATED BY TIME:

This operation does not have a physical separation of retail and non-retail operations; rather the operations are separated by time. The pumps are attended during business hours (retail operation, generally during the day) and can be operated by a fuel card when the retail facility is closed. In this situation, you will report operations during retail hours as a retail operation on schedule 2, and non-retail operations on schedule 3.

Record the beginning and ending meter readings as explained in the instructions for schedule 2. The gallons sold during the non-retail operation period will be deducted from total retail sales, and reported on schedule 3.

CAUTION: If you have a retail operation that accepts cardlock cards as a form of payment, this alone DOES NOT qualify to be a non-retail facility. Report all sales on schedule 1 or schedule 2. The license issued by the Oregon State Fire Marshall's office determines the type of operation.

You may not sell use fuel ex-tax at a retail facility just because payment is via cardlock card or fleet card. Ex-tax sales are valid only with a properly documented invoice. See the ex-tax invoice requirements on page 14 of the instructions.

ON-SITE FLEET FUELING OPERATIONS - SCHEDULE 4

Schedule 4 is used to report both taxable and ex-tax sales of Use Fuel to your customers from your on-site fleet fueling operations. On-site fleet fueling is a mobile retail operation, where 'you' place the fuel into the vehicle. All documentation requirements for retail ex-tax sales apply to on-site fleet fueling ex-tax sales. Please see the recordkeeping requirements for Fleet Fueling (page 20) for additional information.

If you have taxable sales of propane or natural gas through an on-site fleet fueling operation, complete a separate schedule 4 for each product, report the total gallons (before conversion) on line 7 or 8 of the Use Fuel Seller Tax Report (form 1334), and follow the instructions for computing taxable gallons.

You may complete the schedule 4 provided, or attach a computer-generated report that contains the same information. The report header must contain the seller's name and license number, and the **calendar month** for which you are reporting, unless you have been approved for quarterly reporting by the Fuels Tax Group.

You may also submit schedule 4 electronically. Please contact the Fuels Tax Group at ODOTFuelsTax@odot.state.or.us for details and to submit test schedules for approval.

Customer detail will include the account number, customer name, customer address, total gallons of Use Fuel sold (both taxable and ex-tax), ex-tax gallons sold, and taxed gallons sold. Total the columns for total gallons sold, ex-tax gallons sold, and taxable gallons sold at the end of the report.

ALTERNATE REPORTING MINIMUM REQUIREMENTS:

If you are unable to generate a report in the format described above, you may report taxable and ex-tax gallons sold, sorted by customer account number, and/or customer name. If your report does not include customer name and address, a list showing customer name, address and account number must be provided to the Fuels Tax Group upon request.

Customer billings must include detail by device or vehicle. **For ex-tax sales, the qualifying ex-tax documentation must appear on the customer invoice.** Summarize fuel sales by customer for reporting purposes. See the 'On-site Fleet Fueling Record Keeping' information on page 20.

Forward the total taxable gallons to line 4 of the Use Fuel Seller Tax Report (form 1334).

OTHER USE FUEL SALES - SCHEDULE 5

Schedule 5 is used to report sales of Use Fuel to your customers not reported on schedules 1 – 4, or special reporting situations as advised by the Fuels Tax Group. Include sales from your bulk tank to a customer's vehicle or into a storage tank, whether the tank is in a fixed location or portable. Sales into a vehicle must include the use fuel tax unless the transaction qualifies for an ex-tax sale and a properly documented ex-tax invoice is completed.

You may complete the schedule 5 provided, or attach a computer-generated report that contains the same information. The report header must contain the seller's name and license number, and the **calendar month** for which you are reporting, unless you have been approved for quarterly reporting by the Fuels Tax Group.

Customer detail will include the date of sale, invoice number, customer name and address, and gallons sold. Total the column for taxable gallons sold at the end of the report. If you have multiple deliveries to the same customer, you may report summary information for that customer, separating ex-tax and taxable sales.

** Ex-tax sales detail for "bulk" sales into storage tanks is not required to be provided with your Use Fuel Seller Tax Report. However, providing ex-tax sales detail assists the Fuels Tax Group to fairly administer the Fuels Tax laws and reduce tax evasion. If not provided with your tax report, ex-tax detail for "bulk" sales must be made available upon request by the Fuels Tax Group.

ALTERNATE REPORTING MINIMUM REQUIREMENTS:

If you are unable to generate a report in the format described above, you may report summary information by customer, including the customer name, and gallons sold. If your report does not show the customer address, a list showing customer name and address must be provided to the Fuels Tax Group upon request.

Forward the total taxable gallons to line 5 of the Use Fuel Seller Tax Report (form 1334).

USE FUEL SELLER DEFINITIONS

Biodiesel

Biodiesel means any fuel or mixture of fuels that is:

- (a) Derived in whole or in part from agricultural products or animal fats or the wastes of such products; and
- (b) Suitable for use as fuel in diesel engines

Bulk Use Fuel Sales

These are generally sales into a bulk storage tank. This tank may be set in a fixed location or portable, but is separate from a tank that operates a vehicle or equipment.

Note: Retail, Non-retail, and On-site Fleet Fueling sales should not be included with your 'other diesel' fuel sales section of the report. They are accounted for on Schedules 1 – 4.

Cardlock/Keylock Fueling Operation

An unattended facility where fuel is dispensed through a fuel card or key activated device. If retail sales are made from the same pump, see the definition for "Dual Operation Facility."

Note:

1. For a cardlock or keylock facility licensed as a non-retail facility by the Oregon State Fire Marshal, you are responsible for reporting and remitting any state of Oregon fuel tax that you have collected from your customer, whether from an owned or non-owned Oregon non-retail facility.
2. You must have an Exemption Certificate (Certification of Oregon 'Use Fuel' Tax-Exempt Status) on file to sell use fuel ex-tax at non-retail facilities.
3. If a cardlock/keylock is attended, it is a retail operation.
4. If a cardlock/keylock is not licensed as a non-retail facility by the State Fire Marshall, it is a retail operation.

Dual Operation Facility

A fueling facility that has both retail and non-retail pumps in which there is either an acceptable physical separation or a time separation between retail and non-retail pumps. The license issued by the State Fire Marshall determines the type of operation.

OAR 735-176-0000 (1) – “Dual Operations Facility” means a non-retail facility where fuels are dispensed at retail and non-retail with either a time separation of the retail and non-retail operations or a separation of the retail and non-retail pump islands by a distance as approved by the Oregon State Fire Marshal.”

Note: This type of operation will result in reporting both retail and non-retail sections of your Oregon Use Fuel Seller tax report.

Dyed Diesel

Diesel fuel containing dye, which is intended for off-road use. Federal law prohibits the use of dyed diesel to propel motor vehicles on public highways. Substantial federal penalties may apply if the law is violated. Dyed diesel is subject to the Oregon use fuel tax only if used to propel a motor vehicle on public roads, in spite of the federal law.

Ex-tax Sales of Use Fuel (Retail and On-site Fleet Fueling operations)

Ex-tax sales are sales of Use Fuel dispensed into vehicles, equipment or containers that are exempt from the Oregon state fuel tax at the time fuel is sold. An invoice documenting the sale and the reason the sale is exempt is completed at the time of the transaction.

When a seller makes an ex-tax sale, the invoice will include the following information:

1. The name and address of the seller.
2. The name and address of the purchaser.
3. Date of purchase.
4. Type of fuel.
5. Amount of sale in gallons.
6. The reason that the use fuel tax should not be collected by the seller to include the following:
 - a) Weight receipt, temporary receipt, temporary pass, or permit number issued by Motor Carrier Transportation Division
 - b) Emblem number if licensed as an Oregon use fuel user by Fuels Tax Group
 - c) Federal government agency and plate number
 - d) State, county, or local government E-plate number
 - e) Description of container or equipment if sold into a receptacle other than a vehicle.

Exemption Certificate (Certification of Oregon 'Use Fuel' Tax Exempt Status)

A certificate completed by a customer and returned to a non-retail seller to document the reasons for having an ex-tax card for use at a non-retail facility. The certificate requires that the customer mark the reason(s) for the ex-tax card(s), and list the weight receipt numbers if licensed through Motor Carrier Transportation Division or emblem numbers if licensed through Fuels Tax Group. Other documentation for exemption includes government vehicles, and unlicensed vehicles, farm, or off-road equipment.

Natural Gas (CNG or LNG)

Compressed Natural Gas (CNG) or Liquefied Natural Gas (LNG) are other forms of use fuel, and are reported on the use fuel seller tax reports. CNG/LNG is not taxed unless it is put into a motor vehicle. When making sales of CNG/LNG for vehicle use, prepare an invoice and add the tax to the sale. The use fuel tax rate on natural gas is \$0.20 (20 cents) per gallon, which is calculated by using the conversion factor required by Oregon law.

Non-retail Facility

A non-retail facility is a facility (generally unattended) where fuel is dispensed through a card or key activated fuel dispensing device. To qualify, the location must be licensed as a non-retail facility by the State Fire Marshal. A site is retail if it is not licensed by the State Fire Marshal.

Non-retail Seller

A non-retail seller is a company who issues cards that can be used at a non-retail facility. A non-retail seller may or may not own a facility in Oregon, but has customers who purchase use fuel at Oregon non-retail facilities. These facilities are not staffed, and the card holder pumps their own fuel. Non-retail sellers are required to obtain an exemption certificate from their customer if an 'ex-tax' card is requested. If the non-retail seller does not have an exemption certificate on file, the non-retail seller is required to charge and remit the tax to ODOT Fuels Tax Group.

On-site Fleet Fueling

On-site Fleet Fueling is a mobile retail seller operation, in which Use Fuel is dispensed directly into a single motor vehicle or a fleet of motor vehicles. The site of the fueling will typically be based upon the location of the vehicle or fleet of vehicles. On-site Fleet Fueling is sometimes referred to as 'wet hosing'.

Note: For purposes of use fuel tax reporting, on-site fleet fueling is a mobile **retail** operation. Retail documentation requirements for ex-tax sales apply to on-site fleet fueling operations.

Propane

Propane is another form of use fuel, and is reported on the Use Fuel Seller tax reports. Propane is not taxed unless it is put into a motor vehicle. When making sales of propane for vehicle use, prepare an invoice and add the tax to the sale. The use fuel tax rate on propane is \$0.185 (18.5 cents) per gallon, which is calculated by using the conversion factor required by Oregon law.

Pump Meter Readings

Meter readings are a record of the numbers shown on the physical meter located on each pump. These are the readings that will not fail if your computer system crashes or has a glitch. Computerized readings from a totalizer or other fuel monitoring system are not acceptable. Oregon law and administrative rules require that meter readings be taken at least once a month, at the close of business on the last day of the calendar month. Meter readings are to be retained with other use fuel seller records for at least three years.

Retail Fueling Station

This is a fueling facility where attendants dispense fuel into a motor vehicle. It also includes truck stops, where customers may dispense fuel into their own vehicles and attendants close the sales transactions.

Note:

1. If a cardlock/keylock is attended, it is a retail operation.
2. If a cardlock/keylock is not licensed as a non-retail facility by the State Fire Marshall, it is a retail operation.
3. Fleet Fueling is a mobile form of retail fueling station.

Rounding

Gallons carried forward to the Oregon Use Fuel Seller Tax Report (Form 1334) should be whole gallons. Supporting schedules 1-5 may contain up to two decimal places for meter readings and gallons sold. When rounding gallons, use 5/4 standard rounding, where anything 0.5 and above rounds up to the next whole gallon, and anything below 0.5 rounds down to the next whole gallon. For example, 45495.501 rounds up to 45496, while 53437.492 rounds down to 53437. Rounding should be done on the schedule total, not each individual sale.

Tank Inventory Readings

Tank readings or stick readings measure the physical inventory (in gallons) of the fuel in the tank at that point. Tank readings may be physical stick readings, or a print from an electronic tank monitoring system that reads the tank inventory. Oregon law and administrative rules require that tank readings be taken at least once a month, at the close of business on the last day of the calendar month. Tank readings are to be retained with other use fuel seller records for at least three years.

Use Fuel

By statute, use fuel is defined as any combustible gas, liquid or material of a kind used for the generation of power to propel a motor vehicle on the highways except motor vehicle fuel as defined in ORS 319.010. For practical purposes, it is anything other than gasoline (motor vehicle fuel) used to propel vehicles on public roads. The most common use fuel is diesel, but use fuel also includes propane, compressed natural gas (CNG), liquefied natural gas (LNG), biodiesel, and any other product that can be used to operate the engine of a motor vehicle. Dyed diesel, which is intended for off-road use, is subject to the Oregon use fuel tax only if used to propel a motor vehicle on public roads, in spite of the Federal prohibition against such use.

RECORDKEEPING REQUIREMENTS

BASIC RECORDKEEPING PER OAR 735-176-0010(3):

Every seller of fuel for use in a motor vehicle shall maintain and keep records for a period of three years as follows:

- (a) A purchase journal or other record of fuel received supported by purchase invoices;
- (b) A stock summary of all bulk fuel storage showing the gallons of fuel handled during each month with an analysis as to inventories, receipts, sales, use, transfers, and loss or gain;
- (c) A physical inventory of bulk fuel storage shall be recorded at least at the end of each month and preserved for audit purposes;
- (d) A record shall be kept of each sale or other withdrawal of fuel from bulk storage. An invoice is not required to be prepared for fuel delivered into the fuel tank of a vehicle with a combined gross weight of 26,000 pounds or less, for which the tax is paid at the time of sale, unless the operator of the vehicle requests an invoice; and
- (e) Invoices upon which tax collections are recorded shall be kept separate and apart from other sales invoices.

RETAIL OPERATIONS:

In addition to the basic requirements outlined above:

- 1) STOCK SUMMARY: The stock summary should be maintained on a periodic basis (at least monthly, but may be daily or weekly).
- 2) PURCHASE JOURNAL: The purchase journal may vary in format, but should contain (at least) the date of purchase, the invoice number, supplier, and number of gallons received. Original invoices, bills of lading, or other delivery records from all suppliers should support each entry.
- 3) PUMP METER READINGS: Pump meter readings should be taken consistently at least on the last calendar day of the month, to support the stock summary, serve as a record of sales/withdrawals, and also as a measure against loss or theft. Please see the definition of pump meter reading.
- 4) PHYSICAL INVENTORY: A physical inventory in a tank must be taken monthly; however the tank readings may be taken manually ('sticking' the tank) or electronically. *A physical inventory is required on all tanks, whether above or below ground.*
- 5) RECORD OF EACH SALE OR OTHER WITHDRAWAL: All ex-tax sales must be invoiced (see #6 for invoice requirements). Invoices for sales into vehicles *when the tax is collected* are not required unless requested by the customer. Other withdrawals such as stock transfers must be recorded and retained for at least three years.

- 6) INVOICE REQUIREMENTS: All ex-tax sales must be supported by invoices, prepared in duplicate, one copy given to the purchaser and one copy retained by the seller.

The invoice will show *at least* the following:

1. Seller's name and address.
2. Purchaser's name and address.
3. Complete date of transaction (month, day, year).
4. Name of product and number of gallons sold.
5. Reason for the ex-tax sale:
 - a. The Oregon Motor Carrier weight receipt number, temporary plate or pass,
 - b. The use fuel emblem number if licensed as a use fuel user,
 - c. Federal government agency and plate number,
 - d. State, county, or local government E-plate number,
 - e. If the sale is other than to a motor vehicle (i.e. can, tractor, etc), include the description of the container on the invoice. *Noting that the fuel is to be used "off-road" is not sufficient.*
6. The amount of Oregon tax collected, if applicable, or a notation that the tax is included in the price shown.

Separate taxable and ex-tax invoices and retain for at least three years. All invoices are subject to review at audit. Examples of ex-tax sales documentation are included in our 'example' section.

NON-RETAIL OPERATIONS:

In addition to the basic requirements outlined above:

- 1) Customer billings (monthly or semi-monthly). Statements may be on paper or in an electronic format approved by the department.
- 2) Periodic (at least monthly) cardlock network statements.
- 3) Pump meter readings are to be taken consistently at least on the last calendar day of the month.
- 4) Exemption certificates for all accounts where Oregon use fuel tax was not collected.

CUSTOMER BILLINGS: Copies of all customer billings are to be made available for review at the time of the audit. These may be in paper or electronic format. **Billings must be organized or sorted by month.** In some cases, a summary that includes all customers and all fuel sales, identified by product and state, may be used in place of the actual customer billings. If a summary is used, copies of individual billings may be requested at audit.

If you have any questions about the information to be retained, or the format of your electronic customer files or summary report, please contact the Fuels Tax Group.

ON-SITE FLEET FUELING:

In addition to the basic requirements outlined above:

- 1) Detail of all diesel products sold, ex-tax and taxable. Customer detail is to include customer name and address, vehicle ID, gallons purchased, and tax status.
- 2) Invoices must be prepared for all sales where tax is not collected, and contain *at least* the following information:
 1. Seller's name and address.
 2. Purchaser's name and address.
 3. Complete date of transaction (month, day, year).
 4. Name of product and number of gallons sold.
 5. Reason for the ex-tax sale:
 - a. The Oregon Motor Carrier weight receipt number, temporary plate or pass,
 - b. The use fuel emblem number if licensed as a use fuel user,
 - c. Federal government agency and plate number,
 - d. State, county, or local government E-plate number,
 - e. If the sale is other than to a motor vehicle (i.e. can, tractor, etc), include the description of the container on the invoice. *Noting that the fuel is to be used "off-road" is not sufficient.*
 6. The amount of Oregon tax collected, if applicable, or a notation that the tax is included in the price shown.
- 3) For each fueling transaction, the data captured must contain the invoice requirements shown in (2) above.
- 4) Where the vehicle/equipment qualifies for an ex-tax sale, the weight receipt number, use fuel emblem number, government plate number, or description of the equipment (if an unlicensed vehicle) must appear on the statement to meet invoice requirements.
- 5) Detailed individual truck records for fleet fueling vehicles. This includes driver logs, trip sheets, meter tickets, or other records of receipts and sales made by each fleet fueling vehicle.

Fleet fueling is a mobile retail operation. Stock summary and/or meter reconciliation of each vehicle may be performed at audit.

CUSTOMER BILLINGS: Copies of all customer billings are to be made available for review at the time of the audit. These may be in paper or electronic format. **Billings must be organized or sorted by month.** In some cases, a summary that includes all customers and all fuel sales, identified by product and state, may be used in place of the actual customer billings. If a summary is used, copies of individual billings may be requested at audit.

If you have any questions about the information to be retained, or the format of your electronic customer files or summary report, please contact the Fuels Tax Group.

OTHER SALES NOT REPORTED IN SCHEDULES 1 – 4:

In addition to the basic requirements listed above:

- 1) Sales invoices, including detail on whether the tax is included in the price.
- 2) List of all customers with tax status.
- 3) List of resale customers.

AUDITS

The Oregon Department of Transportation Fuels Tax Group is responsible for the administration of the Oregon Fuels Tax Laws. The Fuels Tax Group of the Oregon Department of Transportation conducts periodic audits of tax reports submitted by Oregon Use Fuel Sellers. The Fuels Tax Group may also conduct any investigation it considers necessary to administer the Oregon fuel tax laws.

LOCATION OF RECORDS

Records supporting Oregon use fuel seller tax reports are to be summarized into **calendar month** totals and should be centralized in the accounting office where the periodic tax audit is to be made. If a field audit is performed, the auditor will advise the Licensee of the records to be made available at audit. Such records should be retrieved prior to the auditor's arrival and located in an area conveniently accessed by the auditor.

NOTE: Through the instructions in this pamphlet, the Fuels Tax Group has attempted to completely and correctly advise licensees on proper tax report completion and record keeping requirements. We have made our best effort to address all types of reporting situations, however, due to changing technology or unusual circumstances, it is possible that a licensee may receive special instructions from an auditor intended to address *only the special situation*.

CONTACT INFORMATION

For additional information or questions not addressed in the instructions provided, please contact us:

FOR GENERAL CORRESPONDENCE

Oregon Department of Transportation
Fuels Tax Group
550 Capitol St NE
Salem OR 97301-2530

Telephone (503) 378-8150
Facsimile (503) 378-3060
Email ODOTFuelsTax@odot.state.or.us
Website www.oregon.gov/ODOT/CS/FTG/

For direct numbers to specific staff members, please see our website.

MAIL REPORTS AND PAYMENTS TO

Oregon Department of Transportation
Fuels Tax Group unit 06
P O Box 4395
Portland OR 97208-4395

EXAMPLES OF EX-TAX SALES INVOICES

An invoice may be written on a credit card sales slip, in a receipt book, or on a form designed for the purpose of documenting exempt sales. Keep in mind that all information must be included on the invoice, and that it must be completed in duplicate.

<p>REGULAR CUSTOMER 789 OTHER ST BOUGHTIN OR 97000</p> <div style="border: 1px solid black; width: 80px; margin: 10px auto; text-align: center;">DATE</div> <p>MY FUELING STATION 1234 MAIN ST SELLERTOWN OR 97000</p> <p>PURCHASER SIGNATURE</p> <hr style="width: 200px; margin-top: 20px;"/>	<p>INVOICE # 20020101</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">PRODUCT</th> <th style="width: 10%;">QTY</th> <th style="width: 15%;">PRICE</th> <th style="width: 45%;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">GAS DIESEL OIL OTHER</td> <td style="width: 50%; text-align: center;">100</td> </tr> </table> </td> <td style="text-align: center; vertical-align: middle;">100</td> <td style="text-align: center; vertical-align: middle;">1.899</td> <td style="text-align: center; vertical-align: middle;">\$189.90</td> </tr> <tr> <td style="text-align: center;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">GAS DIESEL OIL OTHER</td> <td style="width: 50%;"></td> </tr> </table> </td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">TAX</td> <td style="text-align: center;">(24.00)</td> </tr> <tr> <td colspan="3">TOTAL</td> <td style="text-align: center;">\$165.90</td> </tr> <tr> <td colspan="4">LICENSE/DESCRIPTION: YAXX 123OR</td> </tr> </tbody> </table>	PRODUCT	QTY	PRICE	AMOUNT	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">GAS DIESEL OIL OTHER</td> <td style="width: 50%; text-align: center;">100</td> </tr> </table>	GAS DIESEL OIL OTHER	100	100	1.899	\$189.90	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">GAS DIESEL OIL OTHER</td> <td style="width: 50%;"></td> </tr> </table>	GAS DIESEL OIL OTHER					TAX			(24.00)	TOTAL			\$165.90	LICENSE/DESCRIPTION: YAXX 123OR			
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WEIGHT RECEIPT

Example of an invoice written on a credit card slip. Your card slip format may vary. This example demonstrates the Motor Carrier weight receipt as documentation.

MY FUELING STATION
1234 MAIN ST
SELLERTOWN OR 97000

NAME Use Fuel Customer
ADDRESS 9870 Outer Limits
CITY Awayout OR 97000
DATE mm/dd/yy

10 gallons diesel \$18.99
minus diesel tax (2.40)
_____ \$16.59

UFU 2004-#####

MY FUELING STATION
1234 MAIN ST
SELLERTOWN OR 97000

EXEMPT DIESEL SALES RECEIPT

DATE mm/dd/yy
PURCHASER The Excavation Company
ADDRESS 4567 Equipment Drive
CITY Diggitt OR 97000

10 GALLONS \$ 18.99
MINUS DIESEL TAX (2.40)
AMOUNT PAID \$ 16.59

INDICATE:
VEHICLE LIC _____
EQUIPMENT backhoe _____
CONTAINER _____

Example of a custom form for ex-tax sales.
Example demonstrates equipment use.

Example of an invoice written on a receipt book.
Seller's name can be imprinted, written, or stamped.
Example shows the use fuel user emblem.

286549 THIS 020110 6988 5.00

OREGON WEIGHT RECEIPT AND TAX IDENTIFIER
CARRY THIS RECEIPT IN THE CAB OF THE POWER UNIT AT ALL TIMES

OREGON DOT
550 CAPITOL STREET NE.
SALEM OR 97301-2530

* RECEIPT NO: P12345IL *
* BASE STATE: IL *
* LICENSE NO: P12345 *
* EFFECTIVE: 01/10/2002 *
* EXPIRATION: 12/31/2002 *
* ISSUED: 01/10/2002 *
* 09:44 AM *
* PACIFIC TIME *

THIS IS A TEST
550 CAPITOL ST NE
SALEM OR 97305

FILE NO: 286549 USDOT NO: YEAR: 1952 MAKE: KENWO ODOMETER: 00000
BODY STYLE: V VIN: 112233 FUEL CODE: D UNIT #: 11
CLASSES: 1A FEE BASIS: 1 (MONTHLY MILEAGE)
OWNED: X LEASED: FROM: NONE

DECLARED WEIGHTS (ONLY HIGHEST COMBO SHOWN)	RECEIPT FEE (14)	\$	5.00
	REINSTATEMENT FEE (15)	\$.00
	SUSPENSION FEE (19)	\$.00
	APPLICATION FEE (16)	\$.00
	TOTAL AMOUNT PAID:	\$	5.00

SOLO =
COMBO = 80,000

**** THIS RECEIPT IS INVALID IF ALTERED. ****

AUTHORIZED BY: OFFICE MGR PHONE: 555-378-6699

---- INSTRUCTIONS/COMMENTS: SENT TO: SLEM PREPARED BY: LYONS ----

EXAMPLE

THIS RECEIPT IS INVALID WHEN VEHICLE OR LICENSE PLATE INFORMATION CHANGES.
CONTACT ODOT AT 503-378-6699 WHEN INFORMATION CHANGES TO OBTAIN A NEW RECEIPT.
FAXED OR ORIGINAL COPY OF THIS RECEIPT ACCEPTED AS VALID WHEN LEGIBLE.

* THIS RECEIPT DOES NOT AUTHORIZE OPERATION IN EXCESS OF LEGAL SIZE OR WEIGHT LIMITS. CHECK ROUTE MAPS 1 AND 7 FOR ALLOWABLE LENGTHS ON ROUTES YOU WILL BE TRAVELING. *

TO CANCEL THIS RECEIPT, SIGN HERE AND RETURN THIS DOCUMENT TO ODOT.
LIABILITY FOR WEIGHT-MILE TAXES CONTINUES UNTIL THIS DOCUMENT IS CANCELLED.

NAME - SIGN ONLY WHEN YOU WISH TO CANCEL RECEIPT TITLE

Example of a weight receipt. These are printed on 8 1/2 by 11 sheets of paper. A copy is valid as the original.

In this example, the weight receipt number to be documented is P12345IL.

The weight receipt number, license plate, and expiration date are all contained within the ***** area in the upper right corner.

This is an example of an "E" plate, issued to state and local government agencies.

